



**REQUEST FOR PROPOSALS**  
**February 9th, 2010**

**PERIOD OF PROPOSAL SUBMISSION ENDS:**  
**5:30 PM, March 2, 2010**

The U.S.-China Economic and Security Review Commission (hereafter “the Commission”) invites submission of proposals to provide a one-time unclassified report on the development of China’s aviation and aerospace industries, and the potential impacts on future U.S. economic and national security.

**ABOUT THE COMMISSION.** The Commission was established by Congress in 2000 to monitor and report to Congress on the economic and national security dimensions of the United States’ trade and economic ties with the PRC. Further details about the Commission are available on its website at: [www.uscc.gov](http://www.uscc.gov) .

The Commission solicits this research pursuant to its Congressional mandate (contained in 22 U.S.C. 7002), which states that “The Commission... shall investigate and report exclusively on... ECONOMIC TRANSFERS—The qualitative and quantitative nature of the transfer of United States production activities to the People's Republic of China, including the relocation of high technology, manufacturing, and research and development facilities, the impact of such transfers on United States national security... and the effect of such transfers on United States economic security and employment.”

**ABOUT PROPOSALS.** The Commission solicits proposals from contractors capable of providing a one-time unclassified report on the development of China’s aviation and aerospace industries, and the potential impacts on future U.S. economic and national security.

Key issues and questions to be addressed by the report are:

1. Provide an assessment of China’s market for commercial aircraft. What is the status of China’s current and likely future market for commercial passenger aircraft, general aviation, cargo aircraft, and helicopters? As China’s economy grows, and as it enhances its transportation infrastructure over the next 5-10 years, what will be the likely extent of its need to purchase new aircraft? To what extent will China likely rely on foreign firms (Boeing, Airbus, Sikorsky, United Technologies, General Electric, Bombardier, Embraer, Gulfstream, etc.) for such aircraft purchases, and to what extent will China’s own emerging domestic aviation industry be able to meet these needs? This study would evaluate China’s

anticipated demand; its own domestic production capabilities; assess significant trends and developments in its domestic aviation industry; and assess what impact these factors might have on U.S. producers and on the global aerospace industry as a whole.

2. Assess the role of technology transfer in the development of China's aerospace industry. Reporting in the Chinese media and statements by PRC officials have emphasized the role of "international cooperation" in some aviation sectors, and most particularly in the development of a large passenger aircraft. What are the means by which the government of the PRC encourages such aerospace technology transfers, and what are the implications for the U.S. aerospace industry?
3. Assess the role of offsets in the development of China's aircraft industry. What are the offset requirements that China has imposed in the purchase of Boeing and Airbus commercial passenger and cargo aircraft? What is the extent of technology transfer that may have occurred as a result of these offset requirements, and what has been the impact on jobs and manufacturing capacity in the United States?
4. Identify other efforts of the Chinese aircraft sector to develop its aerospace industry including private aircraft, helicopters and aerospace parts, systems and subsystems (engines, avionics, etc.)
5. Assess the speed at which China has developed its domestic aerospace sector. In conducting this assessment, the report will review analyst reports over the last decade and their assessments of China's domestic production capacity, technical expertise, efforts at systems integration and other factors relevant to production efforts and the time horizon estimated for reaching competitive status. The report will also assess how accurate these assessments have been and whether Chinese development efforts have met, exceeded or failed to meet the goals identified in those reports.
6. Identify joint venture and other cooperative production and research and development activities of U.S. aerospace firms with Chinese firms. This should include formal cooperative activities (such as Boeing's agreement with AVIC to develop and manufacture composite parts and Airbus assembly programs) as well as more limited activities.
7. Identify current production activities of Chinese firms in the aerospace sector including the production of regional jets (such as the ARJ-21) and cooperative efforts with Bombardier and Embraer. Catalog any current or prospective orders that Chinese companies have obtained from other countries for sale of aircraft produced in China.

8. What goals has China pursued by forcing U.S. and European-based companies and their governments to compete for contracts? What has the impact been on technology transfers? To what extent has China been successful in these efforts?
9. Identify the extent to which Chinese companies, or production from foreign-invested or owned firms in China, supply U.S. aerospace firms (Boeing, Sikorsky and others). Specifically identify the products being produced and the airframes on which they are currently being utilized. Assess the extent to which replacement parts are being sourced from China (either Chinese firms or foreign firms operating in China) for use on aircraft traveling in U.S. airspace. Catalog what specific servicing agreements currently exist, or are planned, for aircraft operated by U.S. carriers or for aircraft that will be operating in U.S. airspace (including private, commercial, cargo and helicopters).
10. Research performed for the Commission in 2009 (Defense Group Inc., “China’s Defense Industry on the Path of Reform,” report released Nov. 2009) revealed how China’s commercial aviation sector is providing spin-off benefits for military aviation. Following up on this earlier research, this new report would further examine China’s growing aerospace capabilities in the military arena, and assess what it means for the security interests of the United States in the East Asia region. Specific topics to be addressed could include – but would not necessarily be limited to – the development of a 5<sup>th</sup> generation fighter aircraft, unmanned combat aerial vehicles, and China’s dramatically expanding missile forces. The report should also address the ways in which international cooperation in the civil aerospace sector could contribute to the development of China’s military capabilities.
11. Assess China’s emerging commercial and military capabilities in space. Specific topics to be addressed could include – but would not necessarily be limited to – the implications for the United States of China’s expanding role as a provider of commercial satellite launch services, and the national security implications of China’s development of military capabilities in space.

Additional Requirements of the Commission:

1. Prior to the award of any contract, the contractor must be registered in the federal Central Contractor Registry (CCR).
2. Once a contractor has been selected for this project by the Commission and a contract signed, public notice of this will be made on the Commission’s website.
3. The Commission’s goal is to have a report prepared for review in a timely fashion. In ordinary circumstances, once a contractor has been selected by the Commission and a contract signed, a draft of the report must be submitted to the Commission for review no later than 120 days from the date of contract confirmation. The Commission will then endeavor to provide comments and

requests for adjustments within 30 days; subsequently, the final report must be submitted within 30 days of formal receipt of the Commission's comments. The Commission recognizes that, under certain circumstances, a contractor may wish to have more time to prepare the first draft of the report under the contract. The contractor, in their initial submission, should stipulate the time frame for submissions of the initial review draft. It is to be understood, however, that time is of the essence in completing research contracts for the Commission.

4. As work on the report progresses, the Commission's Research Coordinator shall act as a representative of the Commission in monitoring the progress, quality, and responsiveness of the report to the major issues of concern identified in the RFP. The Research Coordinator shall, on request to the contractor, be entitled to informal briefings on the status of the research work and to readings of the draft in progress.
5. The contract shall be subject to termination if the Commission deems that the work is of unsatisfactory quality.
6. At the Commission's discretion, the report procured via this Request for Proposal may be posted on the Commission's website.
7. Each organization or individual responding to this request must warrant that it/he/she will perform this work solely for the Commission, and that the resulting report will not be shared with other parties without the prior written consent of the Commission.
8. The Commission expects contractors to identify all personnel working on the contract, and that there not be any delegation of responsibilities to other parties without prior written approval of the Commission.
9. After completion of the report, the Commission staff, in consultation with the Contractor, will prepare a short summary of the research for posting on the Commission's web site and other media. The Commission staff shall consult with the contractor in preparing said document.
10. A contractor will be expected to participate, as appropriate, in activities relating to the dissemination of a final report, at the discretion of the Commission. Briefing requests will be reasonable and will be subject to mutual agreement.

Primary Selection Criteria:

1. The Commission will determine which organization or individual responding to this request will be awarded the contract based on a comprehensive "best value" analysis of the proposals received, to include costs, technical value, and ability to complete the work satisfactorily and on time.

2. The primary weighting criterion in selection shall be the assessed qualifications and ability of an organization or individual to address the fundamental research points enunciated above (“key issues and questions to be addressed by the report”).
3. The cost and amount of time necessary to complete the report will also be considered as criteria in the selection process.

Proposal submissions should include:

1. A statement of the applicant’s relevant qualifications to satisfy the terms of this request for proposals (RFP), to include curricula vitae for personnel intended for work on the project;
2. A description of the research methodology the applicant proposes to employ. In describing methodology, the submission should provide detailed descriptions of the sources and methods that will be used to research the report’s topic and the extent to which Chinese language sources, if any, and other primary materials will be used;
3. An estimate of the time the applicant will need to complete the required work;
4. The price the applicant will charge to the Commission to complete the work set forth in this RFP.

Firms and individuals wishing to submit a proposal in response to this Request for Proposal must ensure that the response arrives at the following location by **5:30 PM on March 2nd, 2010** or it will not be accepted or considered.

Electronic submissions are acceptable.

Proposals, as well as any other correspondence related to this matter, should be directed to:

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